

**SB 175 Testimony**

**EXHIBIT**

**10**

**DATE**

**4/8/2013**

**SB**

**175**

Chairperson Hansen, House education members, thank you for the opportunity to speak to SB 175. My name is Daniel Farr and I am the superintendent of schools for the community of Sidney and I rise in support of SB175. I will restrict my comments to Section 8 of SB175—allocation of production revenue using a concentric circle model. Current MCA code 20-9-310, limits oil and gas revenue retained by a district to 130 percent of the school district's maximum budget. Once a district realizes the 130% cap, any revenue above that is retained by the state regardless of the ongoing impacts being experienced by a school community. The existing model may work provided all impact school districts regionally realized 130%, but this is not the case for the Sidney School District or for many of our neighboring districts, just as impacted.

Energy development impacts for schools are far reaching regardless of proximity to the epicenters of energy development. Location, Location, Location is irrelevant for the simple reason that schools with production revenue, or not, are facing the same regional impacts—enrollment increases, staffing needs, facility needs, higher salaries and a host of other inflationary factors. The concentric circle model provides a needed vehicle for all schools in impacted regions.

Ground work completed by Senator Jones in Section 8 of SB175 addresses regional impact issues through the use of a concentric circle model regardless of location or revenue production received. In reference to the Sidney District, think of it as chocolate covered doughnut with sprinkles. The high school district has all of the sprinkles, representing greater energy development and production revenue. On the other hand, my elementary district is the hole in the doughnut—sprinkle less—same geographic location, greater impacts presently, less revenue (bordering schools and counties may not even be on the plate). In short, the concentric circles language allows for distribution of production revenue above the 130 % once that cap is reached. First, to school districts within the unified school systems, then to school districts immediately contiguous, and eventually, out to contiguous counties. This language allows districts to be proactive in meeting the many impacts stated, but more importantly, meeting the diverse learning needs of the students we serve.

*Respectfully—Daniel T. Farr, Superintendent—Sidney Schools*

## Sidney Public Schools: Transitions to a new School Year-2012-2013

**A. Enrollment:** Student enrollment continues to increase. Sidney Schools ended the 2011-2012 school year with 1195 students. Current enrollment 1296 (8.21 % increase –total new after 1<sup>st</sup> week-148, 132 withdrawals, to new/withdraw280)

- Enrollment on Thursday, September 6, 2012: 1267 K-12; with preschool special ed: 1294
- New students=200 (net gain from end of May 2012=72, 58 students moved between end of 2011-2012 school year and start of the 2012-2013 school year). Some Demographics for 163 new families as March 2, 2013:
  - 108 Families moved to Sidney from out-of-state
  - 55 Families made an in-state move to Sidney
  - 63 Single parent homes

### Of the 237 students:

- 88 Students considered homeless McKinney-Vento Act (37% of new students)—homeless status gives these students a priority status for Title I services.  
(note: 25 of the 88 students have moved already)
- 34 Students in need of Special Education services
- 40 Students qualified for Title I services
- 2 Students have 504 placements and 2 qualify LEP

### Of the 237 students:

- 22 student enrolled in Kindergarten
- 153 students enrolled in grades 1-8 (74%)
- 62 students enrolled in grades 9-12 (26%)

## B. Staffing: 27 new staff on August 20, 2012

- 14 new certified staff: 5 replacements due to retirement, 9 new to accommodate increases
- \*currently in the process of hiring a .5fte English teacher to deal with accreditation standard for significant writing program number at high school
- 13 new classified staff
- Vacant positions: 1 Speech Therapist, 2 full time maintenance/custodial (open for almost a year), 3 food service workers, 3 special education aides.
- Classified positions are a revolving door even with providing a 4.06 percent increase and adding a \$2.00/hour impact adjustment stipend payable every quarter—incentive to keep people in classified positions from quitting without inflating salary schedules and dependent upon oil and gas revenue.
- Superintendent and Federal program coordinator co-sharing principal duties at Central Elementary which now houses 200 students with district grade reconfigurations.

### B-1: Staffing needs for 2013-2014 (8 certified retire/resign+below+classified) 16.5 Positions Total

New positions needed to meet accreditation standards;

- Elementary Teaching positions (2-possibly more)
- Elementary School Principal (Central will serve 300 students in 2013-2014)
- .5 FTE Librarian—Central Elementary (Position will need to be 1 FTE)
- .5 FTE Counselor
- .5 FTE PE

#### ■ Associate costs based on current master agreement and classified salary structures.

■ Building Secretary	Est. Cost: \$25,602
■ ½ to full-time custodian	Est. Cost: \$11,050 - \$31,600
■ Full time librarian	Est. Cost: \$43,300 - \$50,180
■ ½ PE Teacher- ½ Counselor	Est. Cost: \$43,300 - \$50,180
■ Elementary/HS Teacher	Est. Cost: \$43,300 - \$50,180 (x3)

- **Administrative Team** (downsized during the period of declining enrollment with closing of Central Elementary by 1 elementary principal, 1 K-12 curriculum director, and 1 district building and grounds supervisor—also reduced staff through attrition).
  - **Superintendent currently serves as Kindergarten principal and will serve as K and Grade 5 principals next year.** (District Clerk and Superintendent have been at same salary for past 3 years).
- **Teacher Schedule 2010-2011:** \$200 per cell on rookie schedule (base-\$30125); 1% of each bottomed out cell except BA +2 on veteran 2009-2010 schedule as longevity increase (does not change current veteran schedule)—Schedule 3a
- **Teacher Schedule 2011-2012 & 2012-2013:** Steps and lanes first and second year on base and veteran schedules; \$200 per cell in second year for base schedule in 2012-2013 (base-\$30325). Add 1% to bottom cell on veteran schedule both years
  - **Beginning Salaries Ancillary Staff – increased for 2011-2012 but salaries remain uncompetitive. 2011-2012 starting salaries:**
    - **Aide: \$9.50**
    - **Food service worker: \$9.50**
    - **Food Service-Hot Cook: \$10.00**
    - **Custodian-\$11.00**
    - **Secretary-\$9.50**

Increased base by 4.08 % for 2012-13 and will utilize an impact adjustment stipend of \$2.00/hour to push salaries to a somewhat competitive level for regular hours worked.

**“The downside is that office assistants who made \$11 to \$13 a year or two ago now command \$17 to \$21 an hour.”**

~John Olson, CEO Blue Rock Products as quoted in the Montanan, Spring 2012~

“Patrick Barkey, direct of the Bureau of Business and Economic research at UM states, “...from the second quarter of 2010 to the second quarter of 2011, wages and salaries grew 16.2 percent in Richland County and 11.9 percent in Fallon County.” (source: Montanan, Spring 2012)

**C. Housing:** remains a real concern and the district has entered the landlord business through a three year lease arrange with M-Space. Specifics:

- Rent/house inflation makes it impossible for most staff to afford rent (\$1500 to \$2000 per month). North View new apartments, 2 bedroom will rent for \$2000/month.

**MSPACE Lease—District Response—Completed March 30, 2013**

- 3 units each with 2-2bedroom apt. and 1-3 bedroom apt.
- The two bedroom units are around 630 square feet and the three bedroom units are around 780 square feet.
- The rent to the district per unit is \$2756.00/month. The rent for a two bedroom unit figures out to be \$788/month and a three bedroom is \$1,182.
- After several looks at various proposals, the lease arrangement was the best revenue neutral option for the District.

**D. Residential Developments: Next page**

**Summary:** the Sidney School District is looking at ways to maximize existing facilities with the reality of the possibility of a new school moving forward. Staffing, salaries, bonding capacity, flexibility with oil and gas revenues are concerns for all schools in impact areas.

### Proposed Developments

Current facility analysis is focused on the proposed residential and commercial developments that may come into play as a result of oil and gas production in the region, representing a 118.5 percent increase in enrollment K-12 using 2010-2011 figures (note: this is based on maximum projected student enrollment impact).

<u>Development</u>	<u>Projected Maximum Student Enrollment Impact</u>	<u>Subtotal</u>
Sunrise Village Subdivision (183 lots)	570	570
North View Subdivision (31 lots)	104	674
Mayo Subdivision (31 lots)	62	736
RCR RV Park—Crane MT (21 lots)	5	741
North Drive Mobile Home Court (17 lots)	17	758
River View Estates (15 lots)	15	773
Anderson Minor Subdivision (1 family unit)	1	774
Pheasant Run Minor Subdivision (54 & 58 Unit Apt.Comp)	100	874
Bagnell RV Park Phase III (72 RV Lots)	1/10 lots or 72	881/946
Halley Subdivision (9 lots)	9	890/955
Sugarland Subdivision (20RV & 5 Mobile)	20	910/975
Weiss Minor Subdivision (2 lots)	2	912/977
Primo Truck and RV Park (41 truck, 37 Mobile Home, 86 park model spaces, 105 RV spaces)	75	987/1052
Bouchard Subdivision (2 residential, 1 commercial)	2	989/1054
Richland Co. RV & Industrial Park (88 RV spaces, 1 trailer unit)	1/10 or 89	998/1143
Augustus Vaux Subdivision (7-R3 Multi-family lots) (townhomes or apartments)	7/14 per lot (unit variable)	1000-1150
Theil Valley View subdivision (22 family lots)	22/44	1022-1172
Diamond Island Subdivision (28 Fmly Residences)	28/56	1050-1230
Byer Industrial Park Major Subdivision	28/56	1078-1288
Eberline Minor Subdivision (1 residential/4 commercial)	7	1085-1295
American Landmark Group (102 units)	102/204	1187-1499

**Note:** Does not reflect independent contractors or Kelly Mobile Home Park building in the area.



## **Dear Montana Representative:**

The 2013 Legislative Session is key to the future of all Montanans and we appreciate your time and commitment working on behalf of our State. Oil and Gas Counties, Communities and Schools are an integral part of the current revenue stream for the State. Recognizing that you receive plenty to read during the session, the following is a brief narrative of the major impacts currently being experienced in many oil and gas communities. These points are provided for consideration as you work with the many bills that will come before you as related to school funding, bonding capacity, property valuations, and other community/state infrastructure needs.

Our state is referred to as the "Treasure State" because of our many mineral reserves. As these resources have been developed in Eastern Montana, it has been both a blessing in terms of the revenue generated but also a curse in terms of impacts. Key **considerations** that we ask you to keep in the forefront as you address school legislation are as follow:

### **Consideration # 1: Transformation and Responsiveness**

Energy development companies have the ability to impact a school community in a very short time frame as they begin operations. A school's ability to respond to impacts that come without warning are often larger in scale than expected based on known information. Actual unforeseen impact examples include last minute hires to accommodate enrollment increases, hiring of a one-to-one aide for a special needs student, last minute grade reconfigurations and purchase of classroom materials—desks, books. Districts need flexibility with oil and gas revenue in responding to unforeseen or unanticipated needs not known when developing annual school budgets.

### **Consideration # 2: Recruitment/Staffing Issues**

Schools operate with fixed budgets and energy impact schools are not positioned financially under current MCA (i.e., 20-9-310) to respond to impacts associated with inflated salaries. "Boom and Bust" oilfield salaries inflate rental rates (\$2000 for a two bedroom apartment with a \$2000 deposit and an additional \$2000 for last month's rent--\$6000 just to move in), housing costs, and hourly salaries (\$18.00/hr at Walmart) to unattainable levels for schools. Schools in impact regions cannot compete with the corporate world and oil and gas revenues are vital to meeting our primary charge under Article X, Section 1 of the Constitution of the State of Montana. Energy impact schools do have issues recruiting, retaining and housing quality educators and support staff.

### **Consideration # 3: Facility Expansion**

Increasing enrollment has pushed or will push schools in many cases to capacity. Bonding capacity limits set in code, school site acquisition code, and other code limitations restrict Trustees in their response to serve both a growing student enrollment and staff. MCA code combined with construction and remodeling costs set schools up to be reactive versus proactive in addressing local needs. Fiscal flexibility, revision to bonding capacity and processes that allow impact schools to accelerate responses to needed infrastructure is paramount.

### **Consideration # 4: Academic Impacts**

Increasing enrollment has demographically changed the instructional and academic needs for students new to many of our Montana schools in energy development regions. A higher percentage of students are in need of remediation services (Title I, RTI interventions) or special education. These stressors result in the need for intervention programs and additional certified and support staff. Additionally, many students are classified as homeless and do not have homework space, a computer, or internet access further challenging learning. School funding for staffing and programming is necessary to help these students new to our systems get to grade level.

Oil and gas revenues are essential to working with the accountability mandates with respect to academic growth and achievement for every student. True academic responsiveness at the local level is inclusive of all of the considerations noted as they equate to delivery of a Quality Education for students in Oil and Gas Impact Schools. I encourage you full support of SB 175 as it supports all students, all schools.